

**Government of the District of Columbia  
Office of the Chief Financial Officer**

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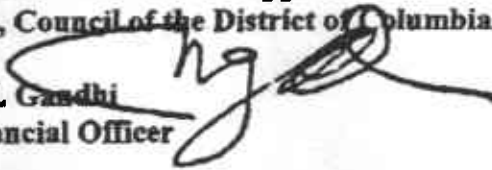
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CHAIRMAN CROPP

**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** JUN -6 2005

**SUBJECT:** Fiscal Impact Statement (2<sup>nd</sup> Revision): "Police Compensation Approval Resolution of 2005"

**REFERENCE:** Public Resolution 16-180 as Marked Up

**Conclusion**

Funds are sufficient in the FY 2005 budget and the Mayor's proposed FY 2006 through FY 2009 budget and financial plan to implement the provisions of the proposed approval resolution. No additional staff or resources will be required.

**Background**

The proposed resolution would approve a compensation settlement agreement between the District of Columbia and 3,460<sup>1</sup> union personnel who are employees in collective bargaining unit #3, and 239 non-union sworn police officers. The union members are represented by the Fraternal Order of Police MPD Labor Committee.

**Financial Plan Impact**

Funds are sufficient in the FY 2005 budget and the Mayor's proposed FY 2006 through FY 2009 budget and financial plan. The compensation increases include the following provisions:

- An increase to base wages of 4.00 percent effective October 2003;
- An increase to base wages of 2.00 percent effective October 2004;
- An increase to base wages of 2.00 percent effective April 2005;
- An increase to base wages of 4.00 percent effective October 2005;

<sup>1</sup> Includes vacant positions which are included in the subsequent cost estimates in the next section.

The Honorable Linda W. Cropp  
 FIS: PR 16-180, 2<sup>nd</sup> REVISION "CBU #3 MPD Comp  
 System Changes Approval Resolution of 2005"  
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- An average increase to base wages of 1.00 percent over FY 2005 as part of the MPD compensation reform initiative;
- An increase to base wages of 4.00 percent effective October 2006; and
- An increase to base wages of 5.00 percent effective October 2007.

Benefits are estimated at 10 percent. There are additional costs associated with additional gross pay for longevity and retention. Overtime is estimated at 8.1 percent of the base salary costs. In addition, there are increases associated with tech pay, special duty pay, optical and dental participated costs, legal service participated costs and clothing allowances. The table in Figure 1 presents the union personnel service costs impacting the financial plan.

Figure 1.

Expenditure Impact for <u>Union</u> Uniform Police Personnel						
(in millions)						
Item	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009 <sup>2</sup>	5 - Year Total
Base Salaries & Increments <sup>1</sup>	\$25.3	\$30.6	\$40.6	\$53.7	\$61.9	\$212.1
Fringe Benefits	2.2	2.7	3.5	4.7	5.4	18.5
Pension <sup>4</sup>	0.0	0.0	17.6	11.2	15.3	44.1
<b>Net Annual Impact</b>	<b>\$27.5</b>	<b>\$33.3</b>	<b>\$61.7</b>	<b>\$69.6</b>	<b>\$82.6</b>	<b>\$274.7</b>

The table in Figure 2 presents the non-union personnel service costs impacting the financial plan.

Figure 2.

Expenditure Impact for <u>Non-Union</u> Uniform Police Personnel						
(in millions)						
Item	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009 <sup>2</sup>	5 - Year Total
Base Salaries & Increments <sup>1</sup>	\$2.6	\$3.2	\$4.2	\$5.6	\$6.4	\$22.0
Fringe Benefits	0.2	0.3	0.4	0.5	0.5	1.9
Pension <sup>2</sup>	0.0	0.0	1.8	1.1	1.5	4.4
<b>Net Annual Impact</b>	<b>\$2.8</b>	<b>\$3.5</b>	<b>\$6.4</b>	<b>\$7.2</b>	<b>\$8.4</b>	<b>\$28.3</b>

<sup>2</sup> Although the contract extends only through FY 2008, these figures assume a 3.0 percent increase for financial planning purposes.

<sup>3</sup> Includes retention pay, longevity, overtime, technician pay, special duty/special skill premium, the proposed PSA allowance and compensation reform, and clothing allowance.

<sup>4</sup> The pension costs are the incremental cost over the projected contribution if the MPD contract never occurred. Projections assume no enrollment changes, no pay table changes, and market returns meeting expectations. The provisions of the proposed contract will not impact the District's financial plan until FY 2007.